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# Anglo-Rouyn

MINES LIMITED

Annual Report 1968





# Anglo-Rouyn

**MINES LIMITED**

120 ADELAIDE STREET WEST, TORONTO 1, CANADA

## **Officers**

R. D. Armstrong	-	-	-	-	-	-	President
W. P. Arnold	-	-	-	-	-	-	Vice-President
J. S. Turnbull	-	-	-	-	-	-	Secretary
A. G. Goodeve	-	-	-	-	-	-	Treasurer
M. D. Lawton	-	-	-	-	-	-	Mine Manager

## **Directors**

R. D. Armstrong	-	-	-	-	Toronto, Ontario
W. P. Arnold	-	-	-	-	Toronto, Ontario
G. Baker	-	-	-	-	Toronto, Ontario
Senator S. A. Hayden, Q.C.	-	-	-	-	Toronto, Ontario
J. A. Sadler	-	-	-	-	Toronto, Ontario

## **Head Office**

120 Adelaide Street West - - Toronto, Ontario

## **Transfer Agent and Registrar**

Crown Trust Company - - Toronto, Ontario

## **Shares Listed**

Toronto Stock Exchange	-	-	Toronto, Ontario
Canadian Stock Exchange	-	-	Montreal, Quebec

## **Annual Meeting**

The Annual Meeting of the Shareholders of the Company will be held on Friday, April 18, 1969 at 11:00 A.M. (Toronto time) in the Conference Room, 26th floor, 120 Adelaide Street West, Toronto, Canada.

## Directors' Report

Your Directors are pleased to submit this report on the operations and financial position of the Company for the year ended December 31, 1968.

### Financial

Net earnings for 1968 were \$603,835 as compared with \$531,911 for the previous year. The bank loan which amounted to \$3,600,000 at January 1, 1968 was reduced by \$1,150,000 to \$2,450,000 at December 31, 1968. The working capital deficiency was improved by \$1,218,233 during the year.

### Operations

Production at the Company's copper mine at Waden Bay in the Lac La Ronge district of Saskatchewan was as follows:

	1968	1967
Dry tons milled .....	279,797	309,123
Average daily rate — tons	797	854
Average mill head grade — copper .....	2.1%	1.9%
Average mill recovery — copper .....	96.1%	95.7%
Production:		
Copper — payable pounds in concentrate	10,790,472	10,652,436
Gold — ounces .....	10,478	7,962
Silver — ounces .....	57,775	45,160

All production for the year was from underground by shrinkage mining, which allowed

closer control of dilution than was possible by the blast hole method which was initially used, and has resulted in improvement in mill head and recovered grades. The milling rate was adversely affected by the continued shortage and turnover of underground labour and to some extent by interruptions of the electric power supply. A new diesel generator, installed in July, has overcome the power interruptions.

The average price of copper realized for the year was about the same as in 1967. Production costs increased largely due to the change in mining method effected in order to improve grade and to higher labour costs.

Underground development of the "A" ore-body continued and totalled 14,249 feet in the year.

### Ore Reserves

Ore reserves, as of June 30, 1968, computed by an independent geologist, were 1,660,000 tons at an average grade of 1.92% copper. The previous estimate of ore reserves as of May 31, 1967 was 1,775,000 tons at an average grade of 1.82% copper. Since, in the interval between the two estimates, some 330,000 tons of ore grading 2.0% copper were extracted from the orebody, the latest estimate represented an improvement in the ore reserve position. This estimate includes added tonnage

developed from drilling as well as changed waste dilution factors, based on mining experience, of 10% to 20% compared to the factors of 20% to 30% in the earlier estimates which were based on actual experience at that time.

The economic feasibility of mining ore reserves to the east and west of the orebody currently being mined is now being examined.

#### **Labour Force**

The shortage and high turnover of labour continued throughout the year. This condition persisted despite an expanded recruitment program and the provision of improved camp and community facilities. A program to upgrade the skills and capabilities of the work force has been instituted.

An agreement with the Tunnel and Rock Workers, Local 168 representing approximately 200 hourly rated employees was negotiated with effect from October 23, 1968 until November 30, 1970. The agreement provides for

an estimated increase of 61.3 cents an hour over the two year term.

#### **Organization**

Mr. G. Baker who has been a Director since 1962, resigned effective January 1, 1969. It is intended that Mr. A. C. Turner, formerly Controller and recently appointed Secretary of Rio Algom Mines Limited, be appointed a Director in succession to Mr. Baker.

Your Directors wish to express their appreciation to Mr. Lawton, Mine Manager, and all members of the Company's organization for their effective efforts during the past year.

On behalf of the Board

R. D. Armstrong  
President

Toronto, Canada  
March 7, 1969.



**Anglo-Rouyn Mines Limited**  
*(Incorporated under the laws of Ontario)*

**BALANCE SHEET AS AT**

**ASSETS**

	<u>1968</u>	<u>1967</u>
<b>CURRENT:</b>		
Cash .....	\$ 40,049	\$ 85,541
Short term deposit .....	150,000	50,000
Settlements and accounts receivable .....	1,706,177	1,861,371
Concentrates on hand, at estimated realizable value .....	50,873	69,925
Prepaid expenses .....	—	17,847
	<u>1,947,099</u>	<u>2,084,684</u>
<b>INVESTMENT IN SHARES of Here Fault Copper Limited, at cost</b> (no quoted market value) .....	<u>40,000</u>	<u>40,000</u>
<b>FIXED, at cost:</b>		
Plant and equipment .....	4,134,263	3,775,348
Less accumulated depreciation .....	1,493,073	876,657
	<u>2,641,190</u>	<u>2,898,691</u>
Mining properties, at cost (\$79,000) less accumulated amortization .....	47,329	59,345
	<u>2,688,519</u>	<u>2,958,036</u>
<b>DEFERRED EXPENDITURES AND OTHER ASSETS, at cost:</b>		
Preproduction and development less amortization .....	1,682,761	2,098,246
Mine supplies .....	364,574	282,324
Special refundable tax .....	46,522	35,022
	<u>2,093,857</u>	<u>2,415,592</u>
	<u>\$6,769,475</u>	<u>\$7,498,312</u>

DECEMBER 31, 1968

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
<b>CURRENT:</b>		
Bank loan (secured) (note 1) .....	\$2,450,000	\$3,600,000
Accounts payable and accrued liabilities .....	492,068	498,805
Due to Rio Algom Mines Limited .....	7,036	206,639
Due to associated companies .....	1,358	—
Housing mortgages payable within one year .....	20,162	20,998
	<u>2,970,624</u>	<u>4,326,442</u>
<b>OTHER:</b>		
Advances from Rio Algom Mines Limited (note 2) .....	837,203	795,514
Housing mortgages less amount due within one year .....	404,970	423,513
	<u>1,242,173</u>	<u>1,219,027</u>
<b>SHAREHOLDERS' EQUITY (note 1):</b>		
Capital stock —		
Authorized:		
5,000,000 shares with a par value of \$1 each		
Issued:		
4,807,585 shares .....	4,807,585	4,807,585
Less discount on shares .....	2,766,447	2,766,447
	<u>2,041,138</u>	<u>2,041,138</u>
Retained earnings (deficit) .....	515,540	(88,295)
	<u>2,556,678</u>	<u>1,952,843</u>
Approved on behalf of the Board:		
R. D. ARMSTRONG, Director		
W. P. ARNOLD, Director		
	<u>\$6,769,475</u>	<u>\$7,498,312</u>

## AUDITORS' REPORT

To the Shareholders of  
Anglo-Rouyn Mines Limited:

We have examined the balance sheet of Anglo-Rouyn Mines Limited as at December 31, 1968 and the statements of earnings, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and disposition of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND  
Chartered Accountants

Toronto, Ontario  
February 19, 1969

## Statement of Earnings

FOR THE YEAR ENDED DECEMBER 31, 1968

	<u>1968</u>	<u>1967</u>
Revenue from production .....	\$5,995,174	\$5,642,381
Less marketing expense .....	<u>1,007,350</u>	<u>946,655</u>
	<u>4,987,824</u>	<u>4,695,726</u>
Operating expenses:		
Mining .....	1,426,538	1,199,446
Milling .....	191,537	211,806
Plant and utilities .....	781,826	817,754
Mine general expense .....	<u>617,669</u>	<u>581,203</u>
	<u>3,017,570</u>	<u>2,810,209</u>
Mine operating profit .....	<u>1,970,254</u>	<u>1,885,517</u>
Depreciation .....	616,416	562,581
Amortization .....	436,955	428,370
Interest expense .....	240,219	286,613
Management fee .....	60,000	60,000
Executive office general expense .....	<u>12,829</u>	<u>16,042</u>
	<u>1,366,419</u>	<u>1,353,606</u>
Net earnings for the year (note 3) .....	<u>\$ 603,835</u>	<u>\$ 531,911</u>

## Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1968

Balance, beginning of year (deficit) .....	\$ (88,295)	\$ (620,206)
Net earnings for the year .....	<u>603,835</u>	<u>531,911</u>
Balance, end of year (deficit) .....	<u>\$ 515,540</u>	<u>\$ (88,295)</u>



## Statement of Source and Disposition of Funds

FOR THE YEAR ENDED DECEMBER 31, 1968

Source of funds:	<u>1968</u>	<u>1967</u>
Net earnings for the year .....	\$ 603,835	\$ 531,911
Add depreciation and amortization which did not involve current outlay of funds .....	1,053,371	990,951
Total from operations .....	1,657,206	1,522,862
Non-current advances from Rio Algom Mines Limited .....	41,689	41,575
	<u>1,698,895</u>	<u>1,564,437</u>
Disposition of funds:		
Expenditures (net) for fixed assets .....	358,915	218,182
Expenditures (net) for preproduction and development .....	9,454	40,865
Increase in mine supplies .....	82,250	112,397
Increase in special refundable tax .....	11,500	22,439
Housing mortgages (net) .....	18,543	(274,996)
	<u>480,662</u>	<u>118,887</u>
Decrease in working capital deficiency .....	<u>\$1,218,233</u>	<u>\$1,445,550</u>

## **Notes to Financial Statements**

**FOR THE YEAR ENDED DECEMBER 31, 1968**

1. The bank loan is secured by way of assignment of ore concentrates, supplies, etc., under Section 88 of the Bank Act, a registered general assignment of accounts receivable and a first mortgage bond of \$4,100,000 and is repayable out of profits from operations. Under the terms of the agreement with the bank, no dividends can be paid until such time as the bank loan has been retired.
2. Advances (including accrued interest) from Rio Algom Mines Limited made in the form of mining equipment are subordinated to the bank loan (see note 1 above).
3. No provision has been made for income taxes because the three year exemption under Section 83 (5) of the Income Tax Act commenced March 1, 1966 in respect of income derived from mining operations.
4. During the year ended December 31, 1968 the aggregate direct remuneration paid or payable by the company to the directors and senior officers of the company was \$64,840.





**Rio Algom**  

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**Rio Tinto**

